

ARMENIA

Capital: Yerevan

GDP per capita (PPP): \$3,000 (2000 est.)

Population: 3,336,100 (July 2001 est.)

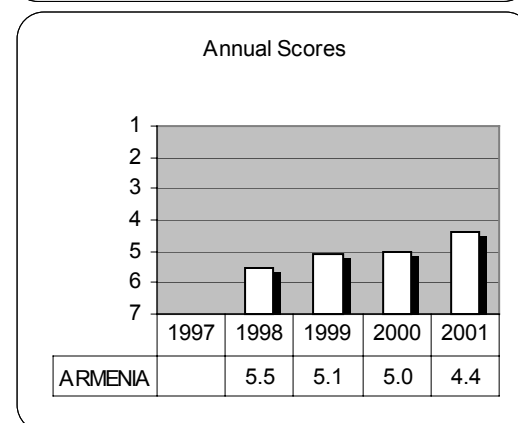
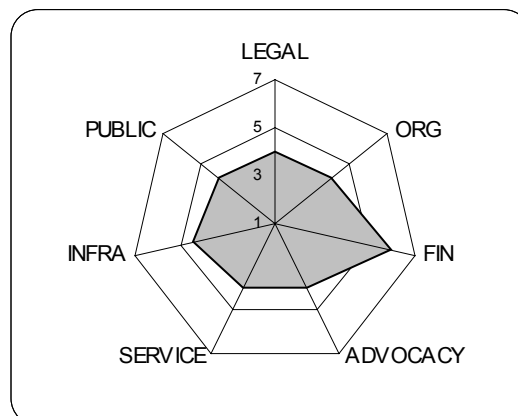
Foreign Direct Investment: \$150,000,000

Inflation: 1% (1999 est.)

Unemployment: 20% (1998 est.)

OVERALL RATING: 4.4

Over the past year, NGOs made progress in areas such as organizational capacity, advocacy, infrastructure and public image. NGOs still rely almost exclusively on the international community for financial support, although several have launched revenue-raising programs as a means of generating extra income to sustain their operations and provide services. Most NGOs are relatively small organizations that do not receive support from a larger constituency, although there are some NGOs that reach out to broad segments of the population to achieve short-term goals. While the central government still does not utilize NGOs to carry out public services, moves are underway for public service delivery between NGOs and local government bodies. An increasing number of NGOs are successfully lobbying for provisions in draft legislation or bringing issues to the attention of government officials.

**LEGAL ENVIRONMENT: 4.0**

In 1999 the government required NGOs to re-register, to bring NGOs' charters into compliance with the new Civil Code. By November 1, 2001 there were 1,700 NGOs registered in compliance with the new legislation. About 1,000 NGOs have not sought re-registration; the majority of these are believed to be inactive.

A new NGO law that complies with the Civil Code and Council of Europe re-

quirements was passed in December 2001. While the new law contains recommendations made by local NGOs and the International Center for Not-for-Profit Law (ICNL), it still has several weaknesses. First, it makes it difficult for NGOs to engage in economic activities. Second, while the law makes all grants tax-exempt, it does not provide tax breaks for individuals or businesses making donations to NGOs. In general, NGOs still face bureaucratic hurdles

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with the Humanitarian Assistance Coordination Committee in order to get Value

Added Taxes (VAT) waived.

ORGANIZATIONAL CAPACITY: 4.0

Over the past year, the notion of constituency building among NGOs has improved, as they have started to work more transparently in sharing their ideas and involving others in their initiatives. NGOs are learning to tailor their programs to their constituents' needs. However, there is continuing competition among NGOs for grants from international donors, which impedes the atmosphere of openness and cooperation among NGOs. After several years of operation and training, many NGOs have become more consistent in defining and pursuing their missions.

Most NGOs do not have salaried permanent staff. Management within NGOs receives salaries from project funding, and work as volunteers when there is no funding. Some NGOs successfully recruit volunteers for specific programs, but there is not a core of volunteers available on a continual basis from which an NGO can draw support. Many NGOs have basic office equipment such as computers and fax machines, although NGOs in Yerevan are better equipped than NGOs in the regions.

FINANCIAL VIABILITY: 6.0

The poor economy and the lack of legal incentives for philanthropic donations have greatly hampered the ability of NGOs to generate any financial support from local sources. NGOs have developed good proposal-writing skills that enable them to get funding from multiple international donors, but few have funding from other sources. Some NGOs collect membership dues, but these NGOs tend to have a relatively wealthy membership, such as business

associations. Some NGOs generate revenue (for example, by renting out conference space or making goods that can be sold to supplement programs), but the majority of groups do not engage in such activities. The government and business communities rarely contract with local NGOs to provide services. NGOs have steadily improved their financial management skills out of necessity, both to respond to donor requirements and to comply with Armenian law.

ADVOCACY: 4.0

An increasing number of NGOs have established good contacts with government entities at both the national and local levels. As a result of advocacy training and funding for advocacy programs provided over the past year, NGOs' ability to advocate for change has increased. NGOs have become more comfortable with lobbying the gov-

ernment, and there are several examples where legislative changes have occurred as a result of NGO advocacy. Over the past year, NGOs have formed issue-based coalitions to amend or draft new laws in several areas including NGO legislation, patients' rights, handicapped access to schools, and domestic violence. Collaborative efforts between

a coalition of NGOs and deputies from the National Assembly successfully led

to the withdrawal of a defective draft law on freedom of information.

SERVICE PROVISION: 4.0

NGOs provide a range of goods and services across many sectors. These services respond to community needs, although community needs far exceed what NGOs can offer. Service delivery NGOs provide a wide range of services to constituencies beyond their immediate memberships. This includes providing health care, food, and clothing to refugees, the elderly, the disabled, and other socially vulnerable groups. However, when NGOs conduct seminars or produce publications, these tend to be directed towards a more exclusive

group, such as other NGOs working on similar programs and not inclusive of a broader segment of the population. When NGOs provide a good or service, they rarely recover any costs. The exception is business associations, which can effectively charge members for services. The government recognizes that NGOs can fill gaps for services that it is unable to provide, but they rarely call upon NGOs to work closely with them, nor do they contract services out to them.

INFRASTRUCTURE: 4.5

During the past year, a number of Intermediary Support Organizations (ISOs) have become active throughout Armenia. Opportunities for grants and training have expanded beyond the capital, involving more organizations from the regions. The donor-funded ISOs employ local trainers, but few NGOs have their own resources to hire trainers as needed. However, some NGOs manage to organize training for their staff using local trainers who volunteer their services.

NGOs have improved their willingness to share information in order to achieve common goals and are beginning to form coalitions around specific issues and policies. Inter-sectoral communications have increased, especially between NGOs and mass media. Some businesses fund small-scale NGO activities, but neither the government nor local businesses provide continuing support to NGOs.

PUBLIC IMAGE: 4.0

There has been a marked increase in media coverage of NGO activities. Many NGOs work in close collaboration with independent and public television to produce public service announcements (PSAs) and/or documentaries, and many stations will provide airtime for free or at a reduced cost for NGOs to broadcast PSAs or do programs with the

participation of NGO representatives.

Although the population at large still does not understand the role of NGOs in society (beyond service delivery), more people are becoming exposed to the notion of an NGO. Over the past year, a concerted effort has been made by many NGOs to establish cooperative

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relations with government. Although there is still wariness on both sides, the notion of social partnerships has begun to take root, especially outside of the capital. With the exception of profes-

sional associations, such as unions of lawyers or journalists, individual NGOs do not employ codes of ethics. Only a few NGOs publish annual reports and widely distribute them.